

2017-07-19 at 13.07 - Initial Contract Negotiations

JANE DOE: Good morning!

STEVEN NERAYOFF: Good morning.

JANE DOE: Look how beautiful it is in Seattle. Look! It's beautiful.

STEVEN NERAYOFF: Oh my God, look at that.

JANE DOE: Don't you want to visit Seattle?

STEVEN NERAYOFF: Yeah.

JANE DOE: I'm working out at the printer room. At least it has a window.

STEVEN NERAYOFF: Oh, PERSON 3 joined us, too.

JANE DOE: Oh, so, where's my pen. Let me get my pen.

PERSON 3: Are we having a call?

JANE DOE: Yes, we are. So, thank you for the proposal, you guys, I appreciate it. And Steven, you were right. The numbers were a little bit shocking. We're like, "Whoa!" So, it took us a little while to process it, but after processing it, we understand the value and its value that we need help with, and so, we recognized where we are and appreciate the proposal.

[00:01:06]

So, we're going to start with that but we just had a couple of clarifying questions, just let me pull up my list of questions, unless you have other commentary you'd like to address before I do that.

STEVEN NERAYOFF: Go ahead.

JANE DOE: Okay, so in the proposal, it says, "You will help with getting the right advisers and partners to help our team and for the crowd sale." Do you have more insight or a list of target people that might be -- that might look like?

STEVEN NERAYOFF: Well, I think -- there was two sets of that. So, the gaming side, I think it's important to have some advisers that are from that end of the world.

[00:02:00]

And I talked a guy about that and we've -- there's a few people, he may have even mention a couple of them to you that we believe we can bring on board as advisers. So, that's one end of it. On the Blockchain side, it elicits just to [INDISCERNIBLE 00:02:15]. It's a matter of us really sitting down I mean -- you know, pretty much all clear. It's in the space. It's really sitting down saying who's the most ideal, who's base would be best for this particular project, who's not

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overused and on other projects. And as I told you, there are two kinds of advisers. So, there's advisers like what I've been doing with you, that's going to be working with you consistently on a day to day basis and there are other advisers that are there to help, things like that. But more were benefiting from their reputation and their credibility.

JANE DOE: Okay.

PERSON 3: So, to answer that question, we do have a long list of advisers, but we have to boil it down before we can pass it over.

[00:03:01]

JANE DOE: Okay, and then question on that, considering that we're less than a month away, T-minus not 30 days our crowdsale date, is this possible and how quickly are we thinking we're going to be making this happen like this week, this weekend, next week?

STEVEN NERAYOFF: Well, my suggestion to you has always been I think we should push it back a little bit to really do this right and I don't think we should rush it. We may have other projects that we worked on. I know all the projects in this space, they push it back, the sentiment was a little rough recently but people recover a little bit from that. But this August 1 date come and go and this will give us some more time to get on board those people, the relationship setup, get bancor up and let them -- you know, they also have to reach out to their whales, get them interested and time for us to build up the bus.

[00:04:01]

So, I mean if you want to do all that, do it right, I think we need a little bit more time. And is there a rush for the sake of just -- because you want to do it as quickly as possible which I get that, but if there's not a particular date for the purpose of the date, you know, have a little bit of cash from the equity raise, then I think we give a little bit more time.

PERSON 3: I think --.

JANE DOE: Go ahead.

PERSON 1: Oh, sorry, I was just going to jump in and say that I think the rush might have made more sense when the market was really, really hot, but I think now that things are turbulent, you're actually giving the market a chance to be less turbulent, and like Steve said, he brought up the August 1st date, you're giving more time to pass that little mini turbulence milestone. So, I think taking some extra time would be prudent as well.

JANE DOE: Okay. Noted. We'll make sure we'll bring that back to the team. On the other side of that, this is very consuming for our company. We're still young. We're trying to add people as quickly as possible.

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But it is distracting us from the work that we should be doing in the company part -- you know, like, the sales part and the product part, and so, just -- that's what we want to minimize and not drag it out too long because it's taking a toll on our numbers.

STEVEN NERAYOFF: Well, a lot of the toll -- I mean that's why you're going to have us. I mean we're going take a lot of the toll off of you. You know, having bancor behind is going to take a lot of toll behind. There will be times where certainly if we have let's say big whales that may want to talk directly to you and JOHN DOE. You know, that's not unusual. Somebody's looking to put a large amount of money, they may very well want to talk to you and so we'll facilitate those discussions. **But we're going to take as much of this toll off of you as possible.**

JANE DOE: Okay.

[00:05:55]

PERSON 3: You also have to remember you know, one, two, three extra months to make an extra 20 million dollars, I think that's justifiable in terms of the loss of corporate activity that you guys might have. I mean, let's not get ahead of ourselves, right? This is still a risky move. Nobody is guaranteeing that you're going to raise 50 million or 30 million, or tomorrow, the whole market could, you know, slip. As for your previous question, if we were going to move forward within the next week, we would already try to establish advisory, you know, introductions and channels there, so -- I mean, that's something that can move relatively fast. I echo PERSON 1 and Steve, though, that realistically, if you guys want to launch effectively, you're looking at six to eight weeks before you can actually pull something like that off. Also, you are kind of jumping into the midst of like, you know, hundreds of ICOs that are happening.

[00:06:57]

So, it's like -- you know, you have to at least differentiate yourselves a little bit and sort of build a little bit of momentum before you sort of flip the switch.

JANE DOE: Okay, understood. And then you do know that we're also working with Wachsman PR?

STEVEN NERAYOFF: Yeah.

JANE DOE: And so that would still be part of the process.

STEVEN NERAYOFF: I worked with David on, I don't know how many projects, David and I spoke about this at some length just sort of few days maybe last week. So, yeah, we're totally in sync and we will manage that.

JANE DOE: Okay.

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STEVEN NERAYOFF: I mean there's already been some -- that's really, really important that you let us really manage that relationship. I mean it's already been a slip that we -- that the bittrex announcement went out.

[00:08:03]

JANE DOE: Yeah.

STEVEN NERAYOFF: From a legal standpoint.

JANE DOE: Then, can I -- more questions. So, we're making sure we're in sync. You know that we're already in conversation, we met with Anthony a few days ago, and we're supposed to meet with him again next week, Anthony Delorio, Jack's guy.

PERSON 3: Delorio.

JANE DOE: Yes.

STEVEN NERAYOFF: Yeah, we're all very, very close friends with Anthony.

JANE DOE: Okay. So, just making sure we're coordinated on that, and then, you do know that we did a special visit to visit Charles. I can't pronounce his last name. [INDISCERNIBLE 00:08:42] and so, we still -- we really like him, and we really enjoyed the time with him in the IOHK team of which PERSON 1 is also part of. So, we want to also make sure that that was on your radar.

STEVEN NERAYOFF: In fact, we'll get on a call with Charles.

[00:09:01]

Like it's [INDISCERNIBLE 00:09:02] Charles also want to [INDISCERNIBLE 00:09:03] close as friends. I think you should definitely work with IOHK. You're one of the best, if not the best around and we can help facilitate what that looks like with Charles. I think that's the same goes in terms of -- JANE DOE, we want to include -- we want to bring everybody into the fault. I mean, if you already had a discussion with [INDISCERNIBLE 00:09:24] to sit down with [PH 00:09:25] IRNC, you know, what was JANE DOE planning on doing, we don't want to [INDISCERNIBLE 00:09:29] on any of the relationships. So, there is something I want to say here.

[OVERLAY]

PERSON 3: [INDISCERNIBLE 00:09:33] effective just to put things in perspective. I founded Ethereum with Charles and Anthony, so --

JANE DOE: And you guys still like each other, hopefully?

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PERSON 3: Well, actually, we're part of the good guy team.

STEVEN NERAYOFF: Yeah.

JANE DOE: All right.

PERSON 3: We're the good guy team -- but, no -- Charles and Anthony, and myself, we were, you know, the people who really started the project with Vitalik. We were in the core team for the first two months.

[00:10:00]

So, you're kind of -- I don't know how you got all of us. It's interesting. This seems kind of planned out.

JANE DOE: You guys can resist us. We know, it's okay. Okay, so then --

STEVEN NERAYOFF: But we introduced them to Charles at Consensus. So, that was the Charles' connection.

PERSON 3: Yes. Because we were all hanging out at Consensus, and she meet the crew pretty much.

JANE DOE: I didn't mean it.

PERSON 3: Oh I'm sorry. [INDISCERNIBLE 00:10:27].

STEVEN NERAYOFF: You weren't there, JOHN DOE is there. Yeah, as I introduce JOHN DOE --

[OVERLAY]

JANE DOE: That's why I'm in no relation. No relation -- just happens to have the same last name -- because I married someone who's no relation with that last. All right, so, when we talk about Bancore, and when we said, "Hey, Bancore, how do you want to do this partnership? How does -- how are we going to structure this?" Bancore guy said, "No! Work with Steven, and we'll just be part of whatever Steven does." And so, we're assuming with Bancore, the compensation will be coming out of this agreement, correct?

[00:11:00]

STEVEN NERAYOFF: Yeah. We have to have a call with the guy but that's barring anything unforeseen on their side because they were still, you know ... in around but let me have one conversation before I answer that question. I have a conversation with the guy so let me get back to you on that one.

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JANE DOE: Okay.

STEVEN NERAYOFF: The guy didn't want me to handle it.

JANE DOE: So -- right. So, then, I'll assume like 95% confirmed until you have the last check mark?

STEVEN NERAYOFF: Correct.

JANE DOE: Okay. And then, part of what your explanation yesterday or the day before when you're like, "The numbers can be really high. You might be shocked," which we were, was that you would be coordinating this very large group of people and resources, and so, advisers that come on and -- of course, you know, as appropriate as we meet them, the adviser shares of pool will be coming out of this pool as well, unless we bring them on as formal advisers with equity on ???, correct?

[00:12:07]

STEVEN NERAYOFF: The adviser -- okay, so, two things. First of all, due in the sense of [INDISCERNIBLE 00:12:14] the deal we're currently working on that since we'll be coming out to market soon, if you thought those number [INDISCERNIBLE 00:12:20] that was more than twice, it was half the deal. So, we think this is not we normally do but we want deal a lot, we want to work with you guys and you're kind of in the family. So, you know, there's a lot of -- we're putting a lot of other things aside to do this.

PERSON 3: Yeah, to put things in perspective, our ideal flow is kind of insane, and we are, you know -- basically, it's the, you know -- the projects that we're actually end up working with in devoting our bandwidth and resources to, we have to have an appropriate stake in,

[00:12:58]

Otherwise, we're not maximizing on, you know -- otherwise, just, you know -- to give an example, we could do our own ICO for ourselves, right? So, that and the fact that because we're taking on a lot of this responsibility and a lot of the partnerships that were, you know -- we are looking for flexibility on our end, so that what happens is every time we want to work with somebody, it's not, you know, a double negotiation with you guys and then with us and trying to figure out where that responsibility lies. So, we kind of take this sort of a blanket approach to getting everything done, but the flip side is, is that we need the resources to be able to do that.

JANE DOE: Okay, so, part of the 20% plus 20% compensation would also be used at your discretion to reward the advisers and other partners that come on board?

PERSON 3: Yes.

STEVEN NERAYOFF: It would depend -- if you have an adviser, cool.

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[00:14:00]

So, we have to sit and understand what's the percentage of that advisory pool then we have to figure out what we think the advisory is going to require and what they're going to do. So, that's a question mark, it depends like what is your advisory pool. Let me outline, what did you have listed on that number.

JANE DOE: We don't have a formal advisory pool. We just have the company pool which we'll use to give tokens to the founders with a one-year lock, any employees that are involved in this crowd sale with a one-year lock, and then future hires that we bring in -- you know, like, we don't have a formal -- we don't like have a CFO, for instance, or we don't have a full Blockchain team yet. We may use IOHK for that for sure. That's something we're definitely considering and so, there isn't really an adviser pool.

[00:15:00]

We were thinking that with this -- assuming that we go forward with this proposal and then assuming we go forward with Bancore, we would use that as a way to just restructure a bunch of stuff as you also have mentioned.

STEVEN NERAYOFF: So, let's just table that one. Let's -- I mean we need to have an internal discussion and do some analysis in terms of the advisory. Let's just get back to see on that one.

JANE DOE: Okay, so advisers are not included maybe.

STEVEN NERAYOFF: Correct, that's a definite maybe. It's a definite maybe.

PERSON 3: Well, no -- so, I mean it depends on the scope of the advisory right?

STEVEN NERAYOFF: Correct.

PERSON 3: If the advisory is within the context of the token sale, then that would make sense. But if it's a long-term advisory, and that's not something that we can negotiate first of all with them because it's up against you guys and also it's probably outside the -- you know, the means of resources that we're going to have. I mean, you get my -- if you're bringing on like, you know, some hard-hitting advisers for, you know, long term, then --

[00:16:01]

JANE DOE: Like PERSON 3. Okay.

PERSON 3: Let's put it this way, I'm too expensive for you.

JANE DOE: Okay, so then --

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PERSON 1: I'll say, from my understanding, it kind of sounds like it boils down the difference between advisers and strategic partnerships for the purposes of completing the sale up to \$50 million successfully and then that's one pool, and then the other pool is actual strategic advisers that would be potentially with you guys for a long period of time which should be a contract that would be separate from this deal entirely, potentially.

JANE DOE: And that --

PERSON 1: From what I understand just listening.

STEVEN NERAYOFF: Right. So --

PERSON 1: Correct me if I'm wrong guys.

STEVEN NERAYOFF: Just as put it in an easy way, it's like some of the gaming advisers that might help you of the long term or some of the job market once that I know that could help you over the longer term, those would be something we'd help facilitate that, but that would be between the company and the adviser.

JANE DOE: [INDISCERNIBLE 00:16:58] deal.

STEVEN NERAYOFF: But guys that we know will help the token sale itself, yes, that will come out of this pool.

[00:17:04]

JANE DOE: Okay, that makes sense, and thank you for clarifying, and then what happens just -- we don't know -- I don't know how much we can guarantee it, but what if we don't even hit the five million minimum?

PERSON 3: I think you're going to have pre-sale commitments larger than that, potentially, but I mean, you know, you have to assess what the minimum amount of money you guys need to raise is going to be to not flop, and I assume five million dollars is enough. So, I mean, you basically say, "If we raise less than X amount, we return the funds." The other aspect there is that if you guys are saying unsold tokens will be redistributed to the purchasers or essentially, it's an auction model, it's not saying like unsold tokens go back to the company.

[00:18:00]

you basically guarantee yourself five million because people are seeing such a low, you know, market cap that there's no reason why they wouldn't participate up until, let's say, you know, 15 million implied market cap which I think gives you guys -- I forgot how many --what percentage of the tokens you're selling, but--

JANE DOE: 66.7.

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PERSON 3: 66.7. Yeah. So, I mean, basically you can't -- you have to ask yourself, "Are you okay selling 66.7% of the tokens for five million or ten million bucks?" Because that is definitely possible. The other aspect is you can say, "Okay, you know, we have to raise this much, and unsold tokens will go back to the company," that'll still work. People, you know -- it won't be as good of a sell. Just by the way, Steve, PERSON 1, in the contract, it was 20% of the funds raised and 20% of the tokens, right?

STEVEN NERAYOFF: Correct. Unusual -- I mean usual in terms of breakout up the percentage.

[00:19:01]

PERSON 3: Yeah, I know. I'm just realizing that if they're only keeping 33% approximately that causes a bit of an issue because they end up having less tokens than we do. So, we might have to revisit that or rebalance just because I didn't -- for some reason, I thought they were keeping like 50% or 60%.

STEVEN NERAYOFF: Or we might have to do a rebalance or some --

PERSON 3: JANE DOE is like, "No, no, no."

JANE DOE: We are not.

STEVEN NERAYOFF: Yeah. Well, let's talk about it offline we might have to do a rebalancing. PERSON 1 and I discussed that.

[OVERLAY]

PERSON 3: Okay, so we can put in some stipulations there and refigure that out.

STEVEN NERAYOFF: Yeah, we're aware of that issue.

JANE DOE: Okay. I appreciate that. Thank you. [INDESCERNIBLE 00:19:53] is really glow. And then, another, just a curiosity question, the proposals from PERSON 3 and Steven specifically, why isn't this the Alchemist Ventures, LLC? Just curious. What -- yeah.

[00:20:11]

STEVEN NERAYOFF: You'll -- I mean, look, the entire team is on too many projects right now. I'm taking the lead on it and then obviously, PERSON 3 is going to be -- we've seen how important PERSON 3 is to all of these and then PERSON 1 is going to be very important to this. We will tap those guys as needed. So, just leave that to us.

[OVERLAY]

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PERSON 1: Yeah, I put the -- when I created that document for Steve and PERSON 3, I was more putting their names specifically as witnesses hereof --

STEVEN NERAYOFF: There's actually going to be -- there should have been a company name on it.

PERSON 1: Yeah, yeah, so that's my mistake, but that -- yeah that should --

STEVEN NERAYOFF: But PERSON 3 and I have our own company and we'll probably be doing it through them but that's just still whatever we need from the rest of the team, you know, we will just stay on a lot of projects right now.

[00:21:03]

JANE DOE: Okay.

PERSON 3: Alchemist is newly structured, so -- it's -- the way it -- yeah. Steven and I have been pushing everything to our company, and PERSON 1 has been working with us for a while and just in terms of the logistics there, having the contract with our company is going to be much easier at this point and less complicated because -- yeah. Alchemist Ventures is a little broader, and -- I mean, Steven, this is your call, but I gather that the rest of the team there isn't going to be able to dedicate the resources in the time we are.

STEVEN NERAYOFF: Correct, correct. And --

JANE DOE: Well, it doesn't matter. If it's a company, and you are part of the company, then it shouldn't -- yeah, from my own learning, I didn't realize [INDISCERNIBLE 00:21:57].

STEVEN NERAYOFF: No, everything was right prior to this through -- PERSON 3 and my company which is called Maple Ventures.

[00:22:00]

So, prior to Alchemist is -- this everything was run through Maple and that was the organization that we ran everything through. We've just - even though we've been working together as a group of quite some time, we've just more formally made that group.

PERSON 1: Yeah. So, to clear that up, JANE DOE, Alchemist is Maple but incorporating some extra people, but Steve and PERSON 3 are the heavy hitters out of Alchemist. So, it's like you're getting, you know, 85% of Alchemist, essentially.

STEVEN NERAYOFF: Yeah, we put the whole group together.

JANE DOE: Okay. So, then, assuming that we're [INDISCERNIBLE 00:22:42], do we put like Maple Ventures as our partner or Alchemy Ventures as the partner? Do you care?

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STEVEN NERAYOFF: Well, let us have a discussion internally because I didn't realize that, I could say, I actually missed that one that it was put on the personal name that that shouldn't be -- it'll be on the corporate name.

[00:23:04]

JANE DOE: Okay.

STEVEN NERAYOFF: So, we'll let just make that and we'll get back to you shortly.

JANE DOE: Okay. And I think that is -- oh, one more question. So, then, what happens if we don't hit 50 million? So, then it's still -- this proposal is -- everybody is working for the \$50 million goal, and we'll do everything that we can, our team included. As you know, we will hustle as hard as we can, too. So, the goal is to hit the 50 mil and -- is that a guarantee or is that more of a -- that is our aligned mission and goal?

PERSON 3: Guarantees -- if I guarantee that, I mean, you know -- hold on, let me pull out my Ethereum checkbook. No. You know, obviously, I think that's a bit of a rhetorical question, but--

[00:24:02]

JANE DOE: Just making sure that we're --

PERSON 3: It's nothing that you know -- tomorrow, the whole market could explode. I think that there's definitely a minimum, you know, that we believe that's achievable that, you know, can be part of the contract or, you know, sort of like milestone, but generally, what happens is we can't quantify exactly, you know, who did what, who brought what. It's a sort of collective effort and so, because we have that strong interest alignment, we're just going to be firing in all directions, trying to push as much capital and as much as we can to the project and hope for the best and you know -- I can't predict, but from what I've seen so far, I think you guys have a good shot at reaching that goal.

[00:25:01]

JANE DOE: We're making -- we've made a bunch of edits and tweaks to our overall token utility based on our original conversation with you, PERSON 3. So, I'm working on the updates on the white paper draft, and so hopefully, the amount of work that we've been continuing to do will lessen the workload overall. And then, what else -- oh, one more question, would it be more helpful and faster if one of us, more specifically me -- I don't think we can ship JOHN DOE out for any period of time for too long, maybe for a few days, if we met up with you and we just work side by side, shoulder to shoulder for a few days on the crowd sale, would that help make it faster and more efficient?

PERSON 3: It's not a two-day process, but you guys are in Seattle. At some point, if we are going to have a work session, yeah, that would be helpful.

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[00:26:00]

Actually, Steven could probably host. He has a really big house, and we've actually a lot of big projects, even IOHK was started out of Steven's house, so it's a magical place where things happen -- big things happen.

STEVEN NERAYOFF: The [INDISCERNIBLE 00:26:16] there. Say, you're good at some good company.

JANE DOE: All right.

PERSON 1: You got to touch the white board -- the magic white board for good luck.

STEVEN NERAYOFF: Yeah, the white board had ConsenSys and which kind of [INDISCERNIBLE 00:26:34] amongst the bunch of others white board and on that --

JANE DOE: Okay.

STEVEN NERAYOFF: PERSON 3 is part of that magic.

JANE DOE: Okay. I think that's it for my questions. I mean, we'd be willing to do -- I mean [INDISCERNIBLE 00:26:52].

STEVEN NERAYOFF: On a more serious note in terms of coming, there may be times where we may want to do launching -- when we want to launch of things like that with David because David is here in New York too. So, that may [INDISCERNIBLE 00:27:03] that.

[00:27:05]

JANE DOE: Yeah, just for coordination, and I think, also, a lot of communication happens in real time, in person face to face. So, I mean, just because timelines are tight, and there's a lot of moving pieces, it might be more efficient that way, but yeah. Okay, thank you, guys, for your time. I guess, the couples of items -- Steve will confirm the guy on the Bancore. You'll reconvene on pools of tokens, making sure that the right number of -- percentage of tokens are owned by the right entities, so that we're not in conflict, I guess. I then, you'll also confirm what is the corporate structure that should be signing, but I guess if you have PERSON 3 and Steven on the -- I could just add a line that says, "Add company name," that you could add the company name to. I think that's a --

[00:28:10]

PERSON 3: Cool.

STEVEN NERAYOFF: Do you want to just send this or at least -- so, we'll just sync up whether what we have done make sure.

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[INDISCERNIBLE 00:28:20].

JANE DOE: Sure. I can do that. I'll do that right now.

STEVEN NERAYOFF: Okay, cool.

PERSON 3: Okay, excellent.

JANE DOE: Cool. Thank you, guys.

PERSON 3: All right, guys --

PERSON 1: Bye.

PERSON 3: Take care, guys --

JANE DOE: Bye.

[00:28:48]